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Message Text

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ACTION COME-00

INFO OCT-01 AF-06 ISO-00 EB-07 RSC-01 SSO-00 DOTE-00 /015 W
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C O N F I D E N T I A L LAGOS 0945

E.O.: 11652: GDS
TAGS: ELTN, BEXP, BMEP, NI
SUBJ: MAJOR PROJECTS: RAILWAY DEVELOPMENT

REF: (A) LAGOS 11121
(B) LAGOS 11645

1. IN PAST TWO DAYS WE HAVE HAD MEETINGS WITH TUNDE JOHNSON AND NRC GENERAL MANAGER NZEGWU ON RAILWAY PROGRESS. THERE HAVE BEEN SOME NEW DEVELOPMENTS THAT WILL BE OF INTEREST TO MEPD AND U.S. FIRMS.

2. CONSULTANCY CONTRACT: MCCABE OF SWINDELL-DRESSLER HAS CABLED JOHNSON INFORMING HIM OF VISIT TO NIGERIA FEB. 2-9, AND REQUESTING APPOINTMENTS WITH KEY PERMSECS. JOHNSON FEELS EMPHATICALLY THAT TIME IS NOT RIGHT FOR SUCH A VISIT. HE CITS RUMOR AROUND TOWN THAT SECRETARY TO MILITARY GOVERNMENT WILL SOON BE REPLACED; AND THAT THIS WILL RESULT IN GENERAL RESHUFFLING OF PERMSECS. PEOPLE MCCABE SEES IN FEBRUARY MAY NOT BE THERE ANYMORE IN APRIL. SECONDLY, JOHNSON REPORTS THAT DECISIONS ON AWARD OF CONSULTANCY CONTRACT HAS BEEN RETARDED AT LEAST 2-3 MONTHS PENDING RESOLUTION OF "MORE PRESSING MATTERS," INCLUDING CURRENT LABOR DIFFICULTIES IN NRC. NZEGWU HAS CONFIRMED SECOND POINT. EMBASSY AGREES BOTHPOINTS ARE VALID; REQUEST MEPD CONTACT MCCABE ASAP RE ABOVE AND INFORM HIM LETTER FROM JOHNSON FOLLOWS. WOULD APPRECIATE IMMEDIATE REPLY FROM MCCABE INDICATING WHETHER HE INTENDS POSTPONE VISIT AS RECOMMENDED.

3. LOCOMOTIVES: JOHNSON HAS INFORMED US, AND NZEGWU HAS CONFIRMED, THAT THERE WILL BE IMMEDIATE NEED FOR 75 RPT 75 MAINLINE DIESEL LOCOMOTIVES TO SATISFY NARROW-GUAGE REQUIREMENTS. THIS
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WILL INCORPORATE PREVIOUS PLAN (REF A) TO ACQUIRE 30. ACCORDING

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TO NZEGWU, HIGHER NUMBER REQUIRED IN ORDER TAKE UP SLACK CAUSED
BY CHRONIC BREAKDOWN OF 54 LOCOMOTIVES RECENTLY SUPPLIED BY CANDADA.
JOHNSON TELLS US THAT NZEGWU DOES NOT RPT NOT INTEND TO GO TO
TENDERFOR THESE LOCOMOTIVES; THAT HE IS THINKING IN TERMS OF INVITING
BIDS FROM U.K., FRANCE, OR U.S.; AND THAT AMONG U.S. FIRMS HE IS
THINKING SPECIFICALLY OF GENERAL MOTORS. JOHNSON CLAIMS THAT NZEGWU
IS PREPARED TO TIVE THIS CONTRACT, VALUED AT APPRODIMATELY $34
MILLION, TO GENERAL MOTORS IF U.S. FIRM QTE PLAYS THE GAME END QTE.
HE STATES UNABASHEDLY THAT THIS WOULD INVOLVE KICKBACK (PROBABLY
NEGOTIABLE) ON ORDER OF 5 PERCENT THROUGH JOHNSON TO NZEGWU. WHILE
EMBASSY NATURALLY CANNOT ENDORSE SUCH PROCEDURE, MEPD MAY WISH PASS
THIS ON TO GENERAL MOTORS FOR WHAT IT'S WORTH.

4. RAILCARS: SIMILAR STORY. NRC HAS IMMEDIATE NEED FOR 250 COAL
HOPPER CARS TO HANDLE INCREASED EXPORTS OF NIGERIAN COAL FROM
ENUGU TO PORT HARCOURT AND ONWARD DESTINATIONS. THIS PROCUREMENT
SEPARATE FROM 600 WAGONS MENTIONED IN REF B. CONTRACT VALUED
APPROXIMATELY $10 MILLION. ACCORDING TO JOHNSON, NZEGWU
PREPARED TO FOREGO TENDER AND GIVE THIS CONTRACT TO PULLMAN ON
SAME TERMS AS LOCOMOTIVES FOR GENERAL MOTORS. REQUEST MEPD
PASS THIS ON TO MCCABE. IF PULLMAN INTERESTED, IT SHOULD WRITE
JOHNSON DIRECTLY FOR COPY OF SPECIFICATIONS.

5. COMMENT: IT BECOMING APPARENT THAT JOHNSON AND NZEGWU DO
HAVE A SPECIAL RELATIONSHIP AS JOHNSON HAS CLAIMED. OUR
SUCCESSIVE MEETINGS WITH EACH MAN INDIVIDUALLY HAVE CONFIRMED
AT LEAST THAT THEY ARE IN CLOSE AND FREQUENT COMMUNICATION.
THOUGH WE NATURALLY HAVE NOT DISCUSSED LOCOMOTIVES AND RAILCARS
IN SPECIFIC TERMS WITH NZEGWU, HE DID CONFIRM THAT PROCUREMENT
AS INDICATED IS NEXT ITEM ON HIS AGENDA, AND THIS GENERAL MANNER
DID NOT CONTRADICT WHAT JOHNSON HAS TOLD US. INFO CONTAINED
PARAS 3 AND 4 ABOVE IS NATURALLY HIGHLY SENSITIVE, AND EMBASSY
RECOMMENDS UTMOST DISCRETION IN PASSING IT TO INTERESTED U.S.
FIRMS. IF THEY WISH PROCEED ON THIS BASIS, EMBASSY BELIVES USG
SHOULD LEAVE ANY FURTHER EXCHANGES STRICTLY TO THEM.

6. JOHNSON'S CONCEPT IS THAT AWARD OF RAILCAR CONTRACT TO
PULLMAN WILL BE QTE HARBINGER END QTE. OF LATTER AWARD OF
CONSULTANCY CONTRACT. WE ARE LESS CONFIDENT THAT HE HAS NZEGWU
ABOARD ON CONSULTANCY MATTER, BUT ARE INCLINED TO THINK SWINDELL-
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DRESSLER WOULD BE WELL ADVISED TO ACCEDE TO HIS SENSE OF TIMING.
AT ANY RATE, WE WOULD AGREE WITH HIM THAT HIGH-LEVEL REPRESENTATIONS,
SUCH AS RECENT LETTER WE'VE SEEN FROM S-D PRESIDENT GOWON, WHILE
NOT LIKELY TO DO MUCH HARM, ARE UNLIKELY TO DO MUCH GOOD AT THIS
STAGE OF GAME.

7. NZEGWU VISIT TO U.S.: WE TOOK ADVANTAGE OF DISCUSSIONS
WITH NZEGWU TO BRING HIM UP TO DATE ON OUR EFFORTS TO SECURE

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INVITATION FOR VISIT TO U.S. HE AGREEABLE TO IDEA OF
INVITATION FROM PRIVATE SOURCE SUCH AS AMERICAN RAILROAD
ASSOCIATION AND APPRECIATES RISK OF OUR GOING THROUGH MEA WITH
OFFICIAL INVITATION AT THIS TIME. HOWEVER, HE NOW INFORMS US
HE UNABLE TO TRAVEL BEFORE APRIL-MAY OF 1976 RPT 1976.
APPARENTLY HE MUST PLAN WORK SCHEDULE OVER LONG PERIOD OF TIME
AND WE WERE UNABLE TO PERSUADE HIM TO FIT A VISIT IN THIS
SPRING. RECOMMEND WE PUT THIS MATTER ON BACK BURNER FOR TIME
BEING AND REVIVEIT IN TIME TO PRESENT INVITATION SOMETIME
THIS FALL.

8. RAILROAD EQUIPMENT TRADE MISSION: WE INFORMED NZEGWU OF
PROPOSED DATES FOR PLANNED TRADE MISSION (APRIL 6-13). HE
FEELS TIMING IS VERY GOOD AND AWAITS FURTHER INFORMATION AS IT
BECOMES AVAILABLE. WOULD APPRECIATE STATUS REPORT FROM COMMERCE.
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